

Message Text

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ACTION EB-08

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FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 1680

C O N F I D E N T I A L PANAMA 2997

E.O. 11652: GDS

TAGS: EFIN, PN

SUBJECT: BANK EXAMINATIONS

REF: PANAMA 2854

1. ECON COUSELOR AND EMBOFF MET WITH EXECUTIVE DIRECTOR, NATIONAL BANKING COMMISSION, DR. ANTONIO DUDLEY, FOR COURTESY CALL AND DISCUSSION OF CURRENT ITEMS OF INTEREST.

2. DUDLEY STRESSED HIS CONTINUED AND INCREASING CONCERN, OF WHICH THE EMBASSY WAS ALREADY AWARE, OVER THE PRACTICE OF ALLOWING US NATIONAL BANK EXAMINERS INTO PANAMA TO EXAMINE US BRANCH BANKS IN ACCORDANCE WITH US BANKING REGULATIONS. DUDLEY HIMSELF IS NOT OPPOSED TO THESE EXAMINATIONS, BUT IS APPARENTLY GETTING SOME PRESSURE FROM GOVERNMENTS OR CENTRAL BANKS OF OTHER COUNTRIES WHICH HAVE BRANCH BANKS IN PANAMA ALSO TO SEND BANK INSPECTORS INTO PANAMA, AND HE MAY BE GETTING SOME CRITICISM FROM OTHER AREAS WITHIN THE GOP, POSSIBLY INCLUDING THE FOREIGN OFFICE, FOR CONTINUING TO ALLOW THE AMERICANS SPECIAL PRIVILEGES NOT GRANTED TO ANY OTHER COUNTRIES. DUDLEY HAS MENTIONED FRANCE AND COLOMBIA ON MORE THAN ONE OCCASION AND ALSO BRAZIL AND JAPAN AS COUNTRIES THAT MIGHT WANT THE SAME PRIVILEGE.

3. DUDLEY SEEMS TO ACCEPT THE FACT THAT US EXAMINERS

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DO NOT DELVE INTO INDIVIDUAL ACCOUNTS AND DO MAINTAIN CONFIDENTIALITY OF THEIR REPORTS, I.E., THEY DO NOT MAKE REPORTS AVAILABLE TO THE INTERNAL REVENUE SERVICE OR OTHER AGENCIES. DUDLEY DOES NOT BELIEVE THAT OTHER COUNTRIES WOULD IN ALL CASES HANDLE EXAMINATION RESULTS SO DISCREETLY, AND ACCORDINGLY STRONGLY OPPOSES ALLOWING EXAMINATIONS BY ANY OTHER COUNTRY. DUDLEY APPARENTLY

FEELS, HOWEVER, THAT THERE MAY BE OTHERS IN THE GOP WHO DO NOT UNDERSTAND PURPOSES AND PROCEDURES OF THE US BANK EXAMINERS AND THE CONFIDENTIALITY WITH WHICH THEIR REPORTS ARE TREATED.

4. ACCORDINGLY, THE EMBASSY RECOMMENDS THAT THE COMPTROLLER OF THE CURRENCY ADDRESS THE PANAMA BANKING COMMISSION ON AN AGENCY-TO-AGENCY BASIS, FURNISHING A FULL STATEMENT OF THE PRUPOSES AND PROCEDURES INVOLVED IN THE EXAMINATIONS. WE SUGGEST THAT THIS STATEMENT INCLUDE THE FOLLOWING POINTS:

- A) ASSURANCES OF CONFIDENTIALITY;
- B) COPIES OF REPORTS TO BE SUBMITTED TO THE GOP;
- C) EXPLANATION OF THE BENEFITS TO PANAMA OF THESE EXAMINATIONS;
- D) WILLINGNESS TO FURNISH INSPECTION MATERIALS AND PROCEDURES;
- E) WILLINGNESS TO CONDUCT EXAMINATIONS JOINTLY WITH PANAMANIAN BANK INSPECTORS, IF DESIRED;
- F) WILLINGNESS TO GIVE TECHNICAL ASSISTANCE IN THE TRAINING OF PANAMANIAN EXAMINERS EITHER ON-THE-JOB IN PANAMA OR ON SPECIAL VISITS TO THE UNITED STATES; POSSIBLY COVERING THE NATIONAL BANK SURVEILLANCE SYSTEM, ETC.;

G) APPRECIATION FOR COOPERATION IN THE PAST AND LOOKING
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FORWARD TO CONTINUED COOPERATION IN THE FUTURE,
BENEFICIAL TO BOTH COUNTRIES,

H) TONE SHOULD BE HELPFUL AND COOPERATIVE WITHOUT BEING
PATRONIZING;

I) STATEMENT SHOULD GIVE DUDLEY SOMETHING TO SHOW
OTHER PANAMANIAN OFFICIALS, AS NECESSARY, THAT
PANAMA IS GETTING MORE OUT OF THE US BANK EXAMINERS
IN PANAMA THAN SHE IS GIVING UP, AND THAT IT IS IN
HER INTEREST TO CONTINUE THIS PROGRAM.

JORDEN

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